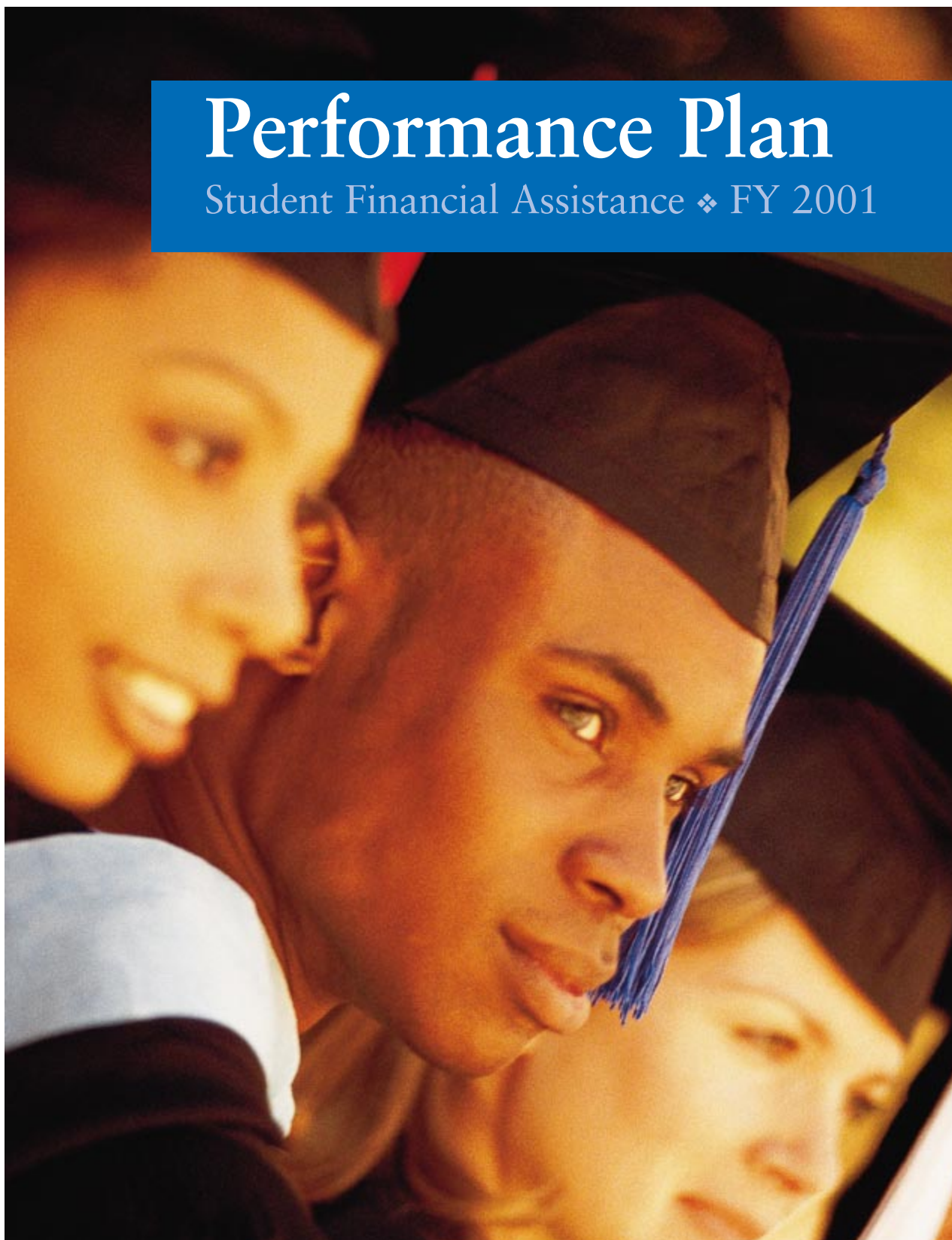


# Performance Plan

Student Financial Assistance ♦ FY 2001



*We Help Put America Through School*



## Performance Plan

**O**ur job in Student Financial Assistance (SFA) is to help put America through school. SFA is part of a massive system involving thousands of partner organizations—schools, lenders, guarantors, operating partners. This year, we and our partners will help make the dreams of 8.7 million American students come true, providing more than \$54 billion in financial aid.

*“College was meant to be an intellectual challenge, not a financial challenge.”*

*—Emily, Columbia University Freshman*

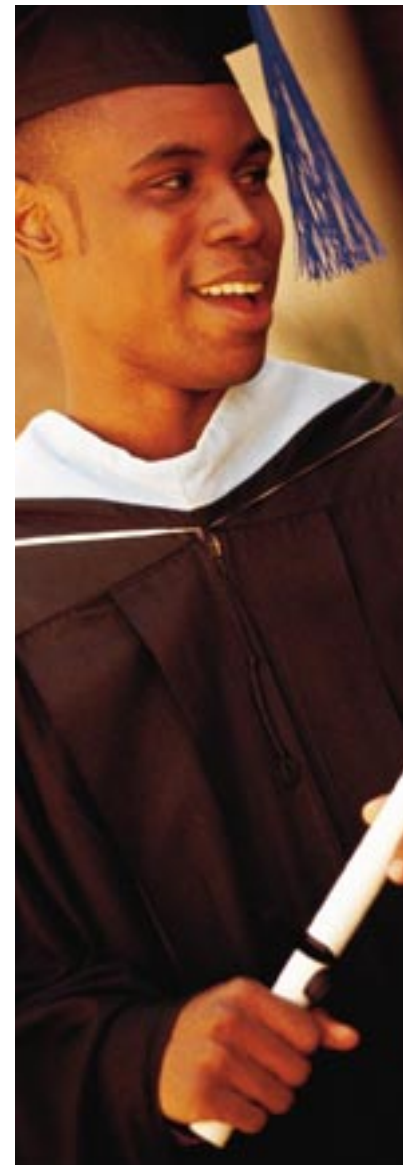
We work to ensure that every American who wants higher education can get it, despite financial obstacles. It’s a job we believe in passionately, and the performance-based organization (PBO), launched in 1998 with bipartisan support, continues to build on the successes of the past so that we do our job better and better.

As we work to perform better, we are serving the taxpayer better. We are strengthening program integrity at every turn, ensuring that SFA can be counted on by this and future generations of students.

### EARNING TRUST

Program integrity is essential to our future. We can’t do anything without ensuring that we are worthy of trust. The American taxpayer should rest assured there is no widespread fraud or abuse in student aid programs. Any waste of taxpayer dollars, however, warrants disproportionate efforts to recoup the funds and prevent future problems. Using an aggressive, comprehensive approach, we are streamlining and integrating our financial systems and dealing with past accounting issues, and we are further beefing up our controls to attack any and all instances of waste, fraud, and abuse.

The particular initiatives for Fiscal Year (FY) 2001, summarized below, have earned “star status”—denoted with a star in the list of annual projects in Appendix A. These specific, targeted actions support our fundamental goal of fortifying program integrity so as to be worthy of the public’s trust.



## STRENGTHENING FINANCIAL INTEGRITY

Financial control is vitally important because it cuts to the heart of trust. The taxpayer needs and deserves to trust that tax dollars are being administered responsibly, using sound financial practices, and they should demand swift measures be taken to correct problems and combat abuse, no matter how small.

We are working to further fortify SFA's program integrity by implementing a new Financial Management System (FMS). The second phase, completed October 2000, tightens our controls over payments to Guaranty Agencies and provides more timely collections information and a better system for automated reconciliation. The FMS also addresses the longstanding issue of tracking guarantor-held defaulted loans and other federal assets. The third phase of the FMS project, to be completed October 2001, will mean that our then automated accounting system complies with all Federal and general accounting standards. This system will help us achieve an unqualified audit for FY 2002, but even before FMS is fully implemented, we are working to achieve unqualified audits for FY 2000 and FY 2001.

Regarding audits, we are also making terrific progress cleaning up both our own and external open audits. We closed 68 open internal audits in FY 2000 and the first month of FY 2001. We will close 13 of the 16 outstanding audits by December 31, 2000, and we will resolve all other internal control audits by the end of FY 2001. Out of 38 open external audits, we and our partners closed 30 in FY 2000. For all new external audits received in FY 2001, we pledge to close 93% of those within the standard six-month period.

We continue to work to determine the true scope of fraud in death and disability claims. To combat false claims, we have changed the information required on the claim form to require the name and license of the doctor certifying death or disability; we are more closely scrutinizing the medical opinions provided to support disability; and we are using the National Student Loan Data System and national credit bureaus to audit the death and disability claim forms we receive.

These efforts have helped us determine that false death and disability claims aren't nearly as widespread as originally thought. We've identified only about 1,300 potentially false claims, and we're investigating these thoroughly. We're working to ensure that borrowers claiming disability aren't continuing to earn wages that could be used to pay their education loans. When we, using our vast network of financial partners, determine that a claim is false, we immediately take action to recoup those funds and ensure that the borrower lives up to their responsibility to the taxpayers. False death claims, we have found, are extremely rare.

We are also focused on preventing fraud involving foreign schools. First, we're partnering with the National Student Loan Clearinghouse to pilot a program to better track student enrollment at foreign schools. False claims of enrollment have, in the past, resulted in repeated payments to



individuals who essentially were conning the Federal government and abusing student aid. The Clearinghouse pilot will help us put an end to that. If the pilot is as effective as we expect, it will be expanded to all foreign school loan applications. If not, we'll identify alternative measures to combat the problem.

In our debt collections area, in the coming year we will, for the first time, have access to the National Directory of New Hires Database, which will allow us to build an electronic system that will more effectively locate defaulted borrowers. This information will be shared with our guaranty agency (GA) partners, increasing their effectiveness as well. This initiative further enhances our new Guaranty Agency Portfolio Management Partnerships, which have helped to increase GA recoveries of defaulted loans about 20 percent—from \$2.5 billion in FY 99 to more than \$3 billion in FY 2000. When you add in assets recovered through loan consolidations, our total recoveries have risen from \$3.8 billion in FY 99 to \$4.6 billion in FY 2000. Our goal is to keep our default recovery rate at 10 percent or higher.

In addition to better collections, the best overall measure of program integrity is the cohort default rate. We've worked with schools and community partners to help dramatically reduce default rates—from an all-time high of 22.4 percent in 1992 to a record low of 6.9 percent for the most recent year available.

These are just a few of our efforts. All told, there are 20 specific actions that will support strong program integrity in FY 2001. (See the projects and objectives in Appendix A marked with a star.)





# Plan Structure

SFA's Performance Plan is a combination of overarching, **multi-year goals supported by annual operating objectives and improvement projects**. The three goals are: increasing customer satisfaction, decreasing unit cost, and increasing employee satisfaction. This plan spells out numerically our five-year goals and lists our projects and objectives for the coming year. We highlight actions that improve our fiscal controls and attack all instances of program abuse.

## GOAL #1 CUSTOMER SATISFACTION

We are using the American Customer Satisfaction Index (ACSI) to measure our progress toward increasing customer satisfaction. This annual survey, conducted by the University of Michigan since 1994, has measured hundreds of private businesses, including Fortune 500 companies, and is watched by financial analysts to predict future financial performance. The ACSI last year was expanded to include several federal agencies, including SFA.

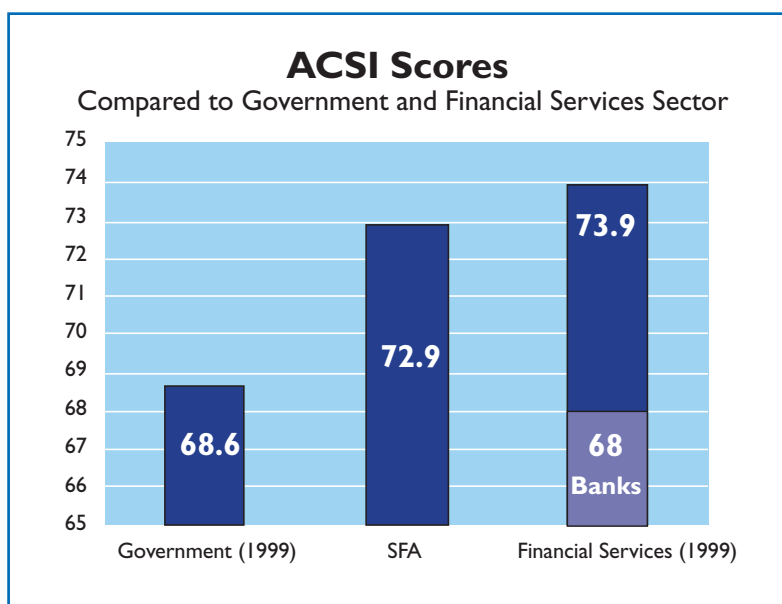
The way the ACSI works is simple: Surveyors from the University of Michigan telephone thousands of people who have interacted with a company. The respondents are asked questions to determine how satisfied they are with the job that was performed. Was the staff well informed? Was the information easy to understand? Was the service timely? Was the staff courteous? The ACSI identifies areas where service is good or needs improvement.

The average overall customer satisfaction score for government agencies is almost 69 out of a possible 100. Banks average 68, and the private sector financial industry as a whole averages 74. Our multi-year goal, set last year, is to match that by 2002.

Last year, the only process measured by ACSI was electronic filings of FAFSA. This year, we expanded the survey to examine 10 core business processes. In the Student services channel, they looked at aid awareness, aid application, and loan repayment. In School services, aid origination and disbursement, program eligibility, program support, as well as financial transactions. And in the Financial Partner services channel, they looked at program eligibility, program support, and financial transactions.

In the first ACSI survey in 1999, SFA earned a 63 for the process of electronic FAFSA filings. This year, that same process improved, raising our score to 70.

Our latest overall average says we are well ahead of schedule in improving customer satisfaction. We



scored 72.9 for all areas combined-better than the government average but not quite as good as the private sector.

Customers rated the professionalism of our staff, courtesy, and knowledge very highly. They also indicated areas in which we need improvement. These include areas where major computer system changes are needed to deliver the kind of service people expect. These upgrades are built into our plan.

## GOAL #2 UNIT COST

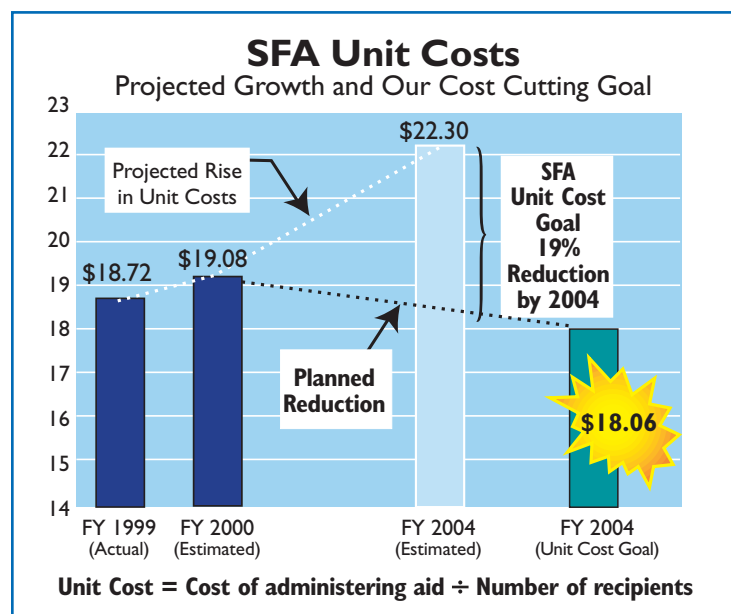
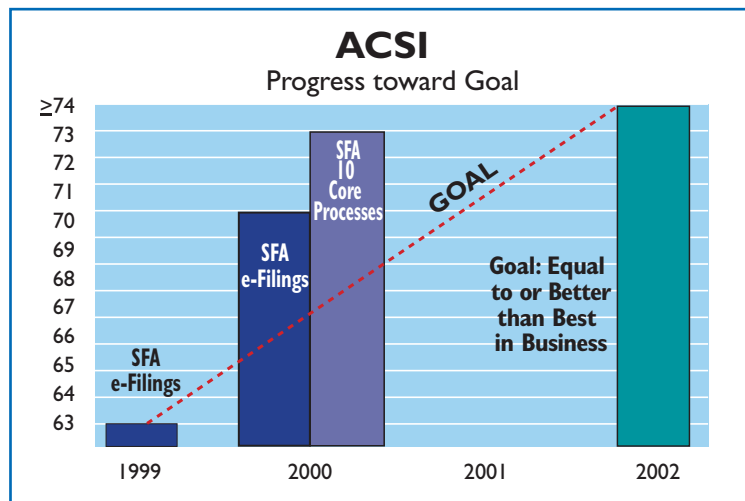
Even though unit cost is a simple concept commonly used in business management, it's a new way of accounting in government management. Simply defined, it's how much we spend to administer aid per recipient.

Getting our unit cost down is critical because two realities are pushing SFA's total operational costs higher. One is the increasing workload. The demand for student aid is increasing as the number of high school graduates grows and more and more adults return to school. The rising cost of higher education is increasing the number of students who apply for financial help. The Direct Loan (DL) portfolio is expected to double and the FFEL portfolio is expected to rise 20 percent by 2004.

Another reality is that our work is becoming more expensive. For example, as the relatively young DL portfolio matures, borrowers graduate and enter repayment, and for them our servicing costs increase to about twice the rate of the in-school phase. The shift to a more expensive phase of servicing Direct Loans would itself push unit cost up by 10 percent over the next five years. Our goal is to cut unit cost enough to offset both increased workload and the more expensive operations.

Modernization was a key mandate of the PBO authorizing legislation, and technology investments (replacing our old stovepipe computer systems and integrating customer services) are critical to our long-term success. Modernization lets us deliver better customer service while, at the same time, saving money. We set a goal of saving \$18 million during FY 2000 to help pay for further modernization, and we surpassed that goal, saving \$23 million.

Our unit cost for FY 1998 was \$19.52 per aid recipient. We brought that down to \$18.72 in FY 1999. Our unaudited figures for FY 2000 indicate our unit cost has risen slightly to \$19.08 for FY 2000. This was expected because we've spent \$60 million on modernization. Had we not made this



huge investment in modernizing our systems, our unit cost for FY 2000 would have dropped to \$17.20. This one-year upturn, however, will help us save money in the long run.

We are committed to reducing our unit cost by 19 percent by FY 2004. Given our current workload, that would keep our total budget at a level consistent with the President's budget and the mandated appropriation, so our overall cost of operation would remain flat over the next few years.

### GOAL #3 EMPLOYEE SATISFACTION

In 1999, the National Partnership for Reinventing Government (NPR) employee satisfaction survey, which surveys workers at scores of federal agencies, ranked SFA's employee satisfaction 38 out of 48 agencies. Pretty dismal. We set the goal of elevating that satisfaction level to among the top five in government by 2004, and we achieved our goal in one year. The 2000 NPR survey ranked SFA's employee satisfaction fourth among agencies surveyed. We tied with another federal agency for fourth, and there was also a tie for second.

The NPR survey doesn't however, have the depth we need to help identify actions that can improve employee satisfaction, so while we can declare victory in the federal survey, we are turning to a more diagnostic tool to measure employee satisfaction.

We are using the Gallup Workplace Management (GWM) tool for quarterly surveys of our employees. The 12-question instrument has the highest correlation to productivity of any measurement tool we considered, and unlike other assessment tools, the GWM provides data by work-group so that problems can be pinpointed and performance compared across organizational units. Employees in more than 50 of the top 100 companies worldwide have calibrated it, and Gallup maintains a database of responses from more than 400,000 employees in thousands of organizations and work groups.

Our first venture with the GWM helped significantly increase employee participation in the survey. The first time we measured employee satisfaction, in early 2000, barely one out of four SFA staff members returned the survey. In the spring of 2000, with a big communications push, we were able to double that response rate to about 50 percent. For our most recent survey, the first one using the Gallup questionnaire, our response rate rose to 79 percent. The results stayed about the same across the three surveys. Gallup gave us 3.5 out of a possible five for workplace satisfaction.

The average employee satisfaction rating for government, as measured by Gallup, is 3.4 out of a possible five. For the private sector, it's 3.6 out of five. At 3.5, SFA's employee satisfaction, as measured by this survey, is already above the government average, but we're committed to raising it up to the average for the private sector, 3.6, by 2004. Rising from 3.5 to 3.6 may sound like only a slight improvement, but it takes work to bump a GWM score up even one-tenth of a point. So, we are taking the data, breaking it down by work unit, and having managers and their work teams analyze their own data and devise action plans aimed at improving their low scores and maintaining their strong scores. Also, one team's growth challenge often is another team's strength, so we're bringing teams together so they can help each other.



# Annual Projects

That's how we measure progress toward our multi-year goals. This is how we get the job done: We target annual operating objectives and improvement projects aimed at increasing customer satisfaction, decreasing unit cost, and increasing employee satisfaction. (For a complete list, see Appendix A.)

As last year's plan indicated, we have reorganized into three primary customer channels—Students, Schools, and Financial Partners—and these channels are supported by the Chief Financial Officer (CFO) and Chief Information Officer (CIO), as well as “enterprise” services, such as Human Resources. A specific channel, office, or enterprise owns each objective or project and is supported by other channels, offices, and enterprises.

## A STUDENT'S PERSPECTIVE

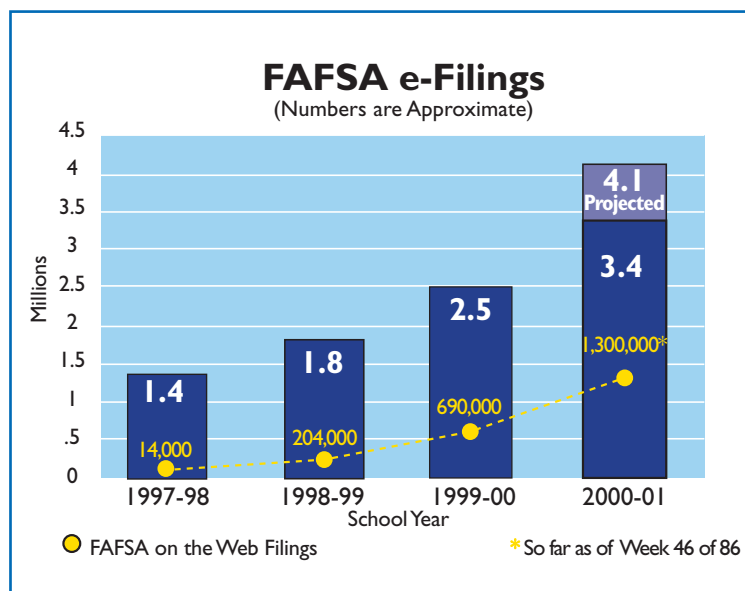
Almost every student's relationship with SFA begins with the FAFSA, the Free Application for Federal Student Aid. In FY 2001, our objective is to continue to process the aid application in one week or less, while we strive to increase the percentage of FAFSAs filed electronically. For the 2000-2001 school year, we will get about 4.1 million of the more than 10 million applications electronically. In 2001-2002, we plan to attract 5 million electronic filers, with almost all the growth coming via an even better Web-based FAFSA product.

FAFSA on the Web increases customer satisfaction because it's inherently easier to use, has an error rate approximately 87.5 percent less than paper forms, and is processed more quickly. It also cuts costs by at least 50 percent compared to paper.

We will continue to pre-test our paper and electronic forms with students, parents, and financial aid administrators and use this customer feedback to improve and simplify the forms before we put them out. We will roll out a Spanish version of FAFSA on the Web and increase the amount of aid information available to customers for whom English is a second language.

Each of these objectives and projects is owned by the Students Channel, with support from others. For example, increasing FAFSA on the Web filings will require partnership between Students, CIO, and our Communications office. (Appendix A shows lead and support responsibilities for each project.)

Beyond the FAFSA, the next big step for a student is the Student Aid Report, or SAR, which tells an applicant whether he or she qualified for aid and how much. This





document previously has been written in a not-so-user-friendly style that leaves the recipient wondering what they're to do next. In the coming year, we will replace the SAR with a plain-language letter that clearly and simply confirms the applicant's data and explains their eligibility, next steps, and how to correct any errors.

We will also implement a toll-free "One Call Does It All" telephone center where operators have immediate access to all an applicant's account information and can quickly handle any question or problem.

We will continue to expand the services available on the enhanced Direct Loan Servicing Web site. This customer-friendly tool, which we believe is the best in the loan servicing business, is another example of how we provide great service to borrowers at a lower cost.

### A SCHOOL'S PERSPECTIVE

To administer a student's aid, a school must deal with complex regulations that govern each program—FFEL, DL, Pell Grant—and the school must master all the operating systems that serve these programs. This is a formidable task for our school partners.

As we move forward, we will continue to work with financial aid administrators, listening, partnering, testing, and fixing, but beginning this plan year, we will provide each school with an 800 number—1-800-433-7327. The call center will find the right answer, fix the problem, or find someone who can.

*"There's a new spirit of cooperation in the Education Department that wasn't there before."*

*—Financial Aid Director,  
Speaking to the Education Caucus of the  
U.S. House of Representatives*

We will select a development partner to help us build a common system for the origination and disbursement of Pell Grants, campus-based programs, and Direct Loans. These projects will not only increase customer and employee satisfaction but also will decrease unit cost by integrating our back-end systems and eliminate redundancy. This endeavor requires partnership between the Schools and Financial Partners Channels, as well as the CIO and CFO.

To help schools at the front-end, we will release the first version of our Web-based School Portal, which for the first time will bring all our services and information together through a master Web page, the School Portal, configurable by each user to their priorities. After testing the portal and listening to schools' feedback, we will improve upon it with the release of a second version—we are learning to deliver new products at "Web speed."



Computer systems integration allows us to eliminate legacy systems. In 2001 we will retire the Central Data System (CDS), eliminating its redundant functions and migrating needed functions to other systems. We also will process 98 percent of Direct Loan origination and disbursement records within two days, and we will process 98 percent of Pell Grant requests within 24-36 hours so that funds can be drawn down by schools within five days. These goals are expected to increase both customer and employee satisfaction. Retiring the CDS under a “Share in Savings” contract will produce net savings of approximately \$30 million by 2004 with zero SFA investment at the front-end. (For more on Share in Savings, see “Pervasive Performance System” below.)

## A FINANCIAL PARTNER’S PERSPECTIVE

Like schools, our partners in the lending community must wade through paperwork and regulations to deliver services. We’re working to lessen that burden while maintaining, and even strengthening, program integrity and oversight.

In the coming year, as with Schools and Students, we will roll out a Financial Partners Web Portal to help the lending community interact with our computer systems, easily get the information they need, and file reports. As a substantial down payment, in October we instituted Form 2000, a brief, electronic form that replaced three huge paper reports.

Phase Two of our Financial Management System was rolled out on October 1, 2000, and provides for full accounting capability for FFEL transactions from Guaranty Agencies. Over the next year, we will enhance this component of our FMS, streamlining the work we do with lenders and guaranty agencies on payment, technical assistance, contract management, and more.

We expect to launch four performance-based Voluntary Flexible Agreements to pilot innovative ways to improve student aid administration, such as rewarding guaranty agencies for resolving and preventing defaults, and we will submit a report to Congress on the viability of expanding the pilots. These agreements are expected to improve business performance, improve partner relations, and also reduce unit cost.

The issue of default cuts throughout our organization—students, schools, and financial partners all have a role. Amazing progress has been made, reducing the cohort default rate from 22.4 percent in 1992 to a record low 6.9 percent in 2000, the most recent figures available.

To compare best practices and lay out a community-wide approach to further reduce both the cohort and lifetime default rates, at the beginning of FY 2001, Secretary Riley called together experts from throughout the community to chart a new strategy. Our Financial Partners Channel led this conference and is melding its results into a guidebook that will chart best practices for the community.



## INTEGRATING INFORMATION SYSTEMS

One of the core reasons for creating a PBO was to focus on the integration of our massive computer systems. The key role for integration rests with the CIO. His specific objectives—such as building an infrastructure to support a standard view of all SFA data and implementing policies and procedures for SFA-wide system architecture, software engineering, privacy and security, systems development, and configuration management—will help us fulfill that mandate.

The CIO also publishes the Modernization Blueprint, our plan for technological modernization, which is updated at least twice a year and released to the community for comment. To keep modernization on track, the CIO signs up to deliver the products and systems listed in the blueprint's Sequencing Plan. (See Appendix B).

## PEOPLE SYSTEMS

Our quarterly Employee Satisfaction Surveys tell us what matters. Our staff continually demonstrate tremendous commitment toward the job we do—helping to put America through school. But the circumstances under which we do it could be a whole lot better. *Government Executive* magazine recently called our building one of the five worst government office buildings in Washington. Problems with the building—like leaking sewage, inadequate space, and unhealthy air—continually undermine morale.

In the summer of 2001, we will move into a brand new building in downtown Washington, D.C., built just for us, acquired at a rate below the average for Washington, D.C., office space and well below the rate for premium office space.



We also have eliminated tedious time keeping exercises, moving instead to “exception” time reporting (where the employee reports only any deviation from his or her set schedule). We’re investing in professional development. This year, we offered \$500 “Learning Coupons” to every staff member, and all of our staff participated in a training course called “PBO at the Front Lines” that helped them understand the “flexibility in exchange for accountability” premise of the performance-based organization.

Over the coming year, SFA University, our own “corporate university,” will deliver new courses such as “SFA Traditions,” “Financial Aid Front to Back,” “PBO 202,” and technical courses that SFA folks need to excel in the technology-intensive, customer-centric environment we are creating. The university also helps to assess employees’ job skills and provide training so staff can achieve their career goals by building new skills and moving into new jobs.

We will continue to expand our internal communications, releasing the next version of SFANet, our employee Intranet. This electronic form of communication helps employees get hard-to-find forms, basic information, and even the lunch menu. Over the coming year, we will upgrade it by focusing on what our folks want most from the internal Net-forms they can't get anywhere else, and ongoing news and information.

## PERVASIVE PERFORMANCE SYSTEM

Last year we reorganized into our three channels focused on the customers and partners with whom we interact daily—Students, Schools, and Financial Partners—and supporting units. To achieve our ambitious goals, we must get everyone throughout the organization pulling in the same direction. This is how consistently top-performing corporations do it—everyone at Disney World knows their job is to create happiness for their guest, and everyone at Fed Ex knows their job is to make sure the packages get delivered by 10:30 a.m. In SFA, this means aligning team goals with the overall performance plan, and in turn aligning individual goals with the plan.

Our Human Resources office is putting into place a new Performance Development Program that will appraise an employee's performance based on the organization's objectives and goals. The program will assess employees' skills and lay out plans for growth and improvement. Through this program, we invest in our employees while maximizing their measured contribution to the organization-wide goals and objectives.

Project teams, responsible for individual objectives or projects in the overall plan, each have their own balanced scorecard with data tracked and published throughout the year. A biweekly performance report keeps the entire organization in touch with progress on all plan elements. And brief quarterly reports provide status to all interested parties outside the Department of Education.

It's not enough to produce alignment just among federal employees. Indeed, most of the direct contacts with students, schools, and financial partners are handled by firms under contract to SFA. So we are redefining our relationship with these firms, starting with calling them "operating partners" rather than contractors. We're finding that these firms are totally bought into our goals, and they've begun tracking their performance against our performance objectives. We're participating in joint training exercises, like PBO at the Front Lines, and we're renegotiating contracts to make them performance-based.



# The Loan Arrangers

## Roster

Barbara Anderson (C)

300 EDS Team Members

Denise Lefeiste (C)

20 SFA Team Members

## Performance Score

		Last Year	Q1	Q2	Q3	Q4
CUSTOMER SATISFACTION	ACSI	71	74	74		
	EDS survey	4.1	4.2	4.5		
EMPLOYEE SATISFACTION		3.5	3.8	4.2		
UNIT COST		\$18.03	\$17.26	\$16.50		

## Contributions

## Status

- Increase loan consolidations filed electronically by 50%
- Complete consolidations processing in 50 days or less

On target (running 120% increase)

On target

Team Balanced Scorecard



*You can't cover all contingencies in a plan. You need a fundamental set of values that employees bring to their jobs. These values are the basis for prioritizing decisions made day-in and day-out through SFA, especially when things don't go according to plan.*



### **In all we do, we will:**

- ★ **Be Worthy of Trust**
- ★ **Be Courteous**
- ★ **Deliver Great Products and Services**
- ★ **Be Efficient**

**We Help Put America Through School**  
**Student Financial Assistance**  
**U.S. Department of Education**

*Trust is first priority because everything else is built on that.*

We've already hit two significant milestones in our performance-based relationship with our operating partners. First...In July 2000, we signed the federal government's first Information Technology "Share in Savings" contract with our "Modernization Partner," Andersen Consulting. This five-year contract is for the retirement of the Central Data System, moving needed functions to other computer systems and eliminating redundant systems. The contract motivates the partner to produce fast results that save money. SFA savings from this project are expected to begin in January 2001, and the five-year project is expected to produce net savings of more than \$30 million—funds needed for SFA's modernization effort.

*"Usually, landing a government contract means knowing exactly how much you'll get paid. Not in the case of a new-style contract the Education Department has signed to pay a private consultant based solely on financial incentives to get a job done, and fast."*

*—The Washington Post, July 31, 2000*

We have for several years used performance-based contracting to improve debt collection. Our Private Collection Agency Partnerships have resulted in recoveries of more than \$1.2 billion in the past two years. These partnerships are increasing the total amount we pay in commissions but are decreasing the overall percentage we pay for recoveries, from 21.2 percent of gross collections in FY 1998 to 18.6 percent in FY 1999 and 17.7 percent through August 2000. With the start of new partnership agreements beginning in the second quarter of FY 2001, the percentage we pay for recoveries will drop to 17 percent or less.

### **BOTTOM LINE**

The projects aimed at helping SFA to achieve its overall goals and objectives are listed in Appendix A. Each is stated briefly and indicates which channel or functional unit "owns" it, which are supporting, and which goal or goals the projects help to realize.

We would like to hear what you think about where we're headed. Please send us an email at "AskGreg@ed.gov."

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Establish a Web portal for Students that will provide access to student-related online services.	Students	CIO, Schools	9/30/01	X	X	X
Create and launch a new products/services/delivery approach that will increase the amount of student aid-related information available to students and parents, including those speaking English as a second language	Students	Communications	6/30/01	X		
Launch a single, toll-free, "One Call Does It All", number for student customer service that will allow access to any call center.	Students	Acquisition and Contract Performance, Schools, Financial Partners, CIO	9/30/01	X		
Answer 95% of 1-800-4-FED-AID calls. Ratings for courtesy, answer speed, and overall service will average a four rating (out of five) in our weekly survey.	Students	NCS	9/30/01	X		
Increase the number of FAFSAs filed electronically from four million last year to five million in FY2001 with 50% via our Web product. To help accomplish this, release the FAFSA on the Web 5.0 application in time for the 2001-2002 application cycle, making the application completion easier for users, while increasing performance and scalability.	Students	Communications, CIO, NCS	Web 5.0 - 1/31/01 FAFSA 5 Mil - 9/30/01	X	X	X
Process all paper and electronic FAFSAs with an average turnaround time of seven days or less. (FY 2000 goal: 8 days or less.)	Students	NCS, ACS	9/30/01	X		X
Upgrade the Student Aid Report (SAR) for the 2002-2003 school year with a plain language letter that clearly explains to applicants what's next, details the information they provided, and explains how to correct any FAFSA errors.	Students	NCS	9/30/01	X		X
☆Analyze the results of the IRS Phase II statistical study of electronic matching of income data, and decide how to use the findings to improve our income verification sample.	Students	CFO	3/31/01		X	
Increase the total number of borrowers repaying their Direct Loans through Electronic Debiting and other electronic methods to a minimum of 400,000 borrowers. (From 250,000 in FY 2000)	Students	ACS	9/30/01	X	X	
Retire Central Data System, transferring necessary functionality to other systems.	Students	CIO, Schools, Accenture	3/31/01		X	
Process all deferment and forbearance requests within seven days of receipt at the Direct Loan Servicing Center.	Students	ACS	9/30/01	X	X	
Provide, via the Direct Loan Servicing Web site, new Spanish language deferment and forbearance requests.	Students	N/A	6/30/01	X	X	
Process Loan Consolidations in 50 days or less. (FY 2000 goal: 60 days or less.)	Students	Acquisition and Contracts Performance, EDS	9/30/01	X	X	

☆ **Contributes to the goal of improving the financial integrity of student financial aid programs.**

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Increase the number of consolidation applications filed electronically by 50%, as a percentage of volume, or a minimum of 150,000 applications filed electronically in FY 2001.	Students	Communications, EDS	9/30/01	X	X	
☆Keep the default recovery rate at 10% or higher.	Students	Collection Agencies, GAs, Raytheon, IRS	9/30/01		X	
☆Fully implement the National Directory of New Hires database matching program to enhance default recoveries and resolutions.	Students	Acquisition and Contracts Performance	6/30/01		X	
☆Based on the "Fall Repayment Symposium," establish a program and multi-year goals to further reduce the cohort and lifetime default rates.	Students	Schools, Financial Partners, Analysis	6/30/01	X	X	
☆Increase oversight efforts by increasing Program Reviews by 20%. In FY 00 we performed approximately 130 on-site reviews.	Schools	N/A	9/30/01		X	X
☆Educate the foreign school community about SFA program requirements to reduce non-compliance. (Examples of possible efforts include developing a Student Financial Aid Handbook for foreign schools or providing additional training)	Schools	N/A	9/30/01	X	X	
☆Create a process that would prevent students from being able to falsify enrollment at foreign institutions by implementing a pilot program with the National Student Loan Clearinghouse to better track student enrollment at foreign schools. Based on the effectiveness of the pilot program expand the initiative or identify alternative measures to eliminate falsified enrollment at foreign schools.	Schools	Financial Partners	9/30/01		X	X
☆Make a determination on the initial cohort of recertification applications for all foreign non-medical schools eligible to participate in the FFEL Program.	Schools	N/A	9/30/01		X	
☆Keep the cohort default rate under 8%. Based on the "Fall Repayment Symposium," establish a program and multi-year goals to further reduce the cohort and lifetime default rates.	Schools	Students, Financial Partners, CIO, Analysis	9/30/01	X	X	
Provide each school with single SFA point of contact, a place they can always call to get their questions answered.	Schools		11/1/00	X		X
Release version 1 of School Portal. This version will, for the first time, bring all our services together through a master Web page configurable by each user to their priorities.	Schools	CIO	3/1/01	X	X	X
Release version 2 of School Portal. This version will provide increased personalization, links to operating Websites, query and downloading of available data, and a consolidated Title IV-wide event calendar	Schools	CIO	v 2.0 8/30/01	X	X	X

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Choose operating partners to assist in building a common business process and system for aid-origination and disbursement for Pell Grants, Campus-Based Programs and Direct Loans. Establish performance measures for the completed system.	Schools	Acquisition and Contracts Performance, CFO	2/28/01	X	X	X
Assess the current systems maintaining school information and related functional requirements. Develop and implement a strategy for creating a single "system" of unduplicated school data.	Schools	CIO, Financial Partners, CFO, Students	9/30/01	X	X	X
Complete 96% of reimbursement requests within 30 days.	Schools	N/A	9/30/01	X	X	X
☆Develop action plans for at least 90% of the schools on reimbursement. The action plans will spell out how and when schools will eliminate the issues that led to the reimbursement action.	Schools	N/A	9/30/01	X	X	X
☆Resolve 93% of school audits within six month of receipt.	Schools	CFO	9/30/01	X	X	X
Process 98% of the Direct Loan origination and disbursement records within two days. The current baseline is three days.	Schools	EDS	9/30/01	X		X
Process 98% of the Pell funding requests from RFMS receipt through GAPS within 24-36 hours so that funds are available for school drawdown within five days.	Schools	ACS	9/30/01	X		X
Replatform and migrate the Campus-Based System to a relational database for use in the 2001-2002 FISAP filing.	Schools	CIO, CFO	8/1/01	X		X
Provide Direct Loan schools with results of PLUS loan credit checks within two days. Current standard is five days.	Schools	EDS	3/1/01	X		X
Eliminate the Mid-Term Financial Aid Transcripts	Schools	CIO, Analysis, OGC	7/1/01	X	X	
Take whatever actions necessary to maintain the viability and competitiveness of the Direct Loan Program.	Schools	All	9/30/01	X		X
Provide Direct Loan schools with results of online entrance counseling electronically, eliminating the need for borrowers to print results and provide to schools.	Schools	N/A	11/15/00	X		X
☆Based on the "Fall Repayment Symposium," establish a program and multi-year goals to further reduce the cohort and lifetime default rates.	Financial Partners	Schools, Students, Analysis	6/30/01	X	X	
Establish Web portal for Financial Partners to provide one stop access to SFA services and information.	Financial Partners	CIO	9/30/01	X		



## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Design and implement improvements to the core business functions including electronic business-to-business solutions for lender submission of payment forms.	Financial Partners	CIO, CFO	3/31/01	X	X	
Implement and monitor at least four voluntary flexible agreements for program participation. Launch all four no later than March 2001.	Financial Partners	OGC, OUS	2/28/01	X	X	
Submit a report to Congress on the viability of expanding the VFA "pilot".	Financial Partners		9/30/01	X		
☆Augment the continuing campaign to eliminate false death and disability claims-- begun in early 2000 by tightening review controls on diagnostic information and original signatures --by implementing a centralized processing pilot project in January 2001 in concert with four Guaranty Agencies. Pilot will improve the review procedure and permit post submission analysis to identify potentially fraudulent claims for immediate action.	Financial Partners	GAs	9/30/01		X	
☆Conduct and complete investigative analysis on the remaining 1,300 discharges identified from the IG audit by March 31, 2001. These 1,300—after extensive credit bureau screening—reflect financial attributes which the credit industry considers reflective of lifestyles contrary to that of an individual suffering from a permanent and total disability.	Financial Partners	OGC, OUS	3/31/01		X	
Retire the FFEL System (Phase I)	Financial Partners	CIO,CFO, Acquisitions and Contract Performance, Schools, Students	6/30/01	X	X	
Create the Data Mart (Phase I)	Financial Partners	CIO,CFO, Acquisitions and Contract Performance, Schools	9/30/01	X		X
Provide continued support to Channels for the design and development of Modernization Projects by achieving 90 percent of the annual major modernization milestones that have been approved by the Information Technology Investment Review Board. (See Sequencing Plan in the Modernization Blueprint).	CIO	All	9/30/01	X		X
Develop and implement an infrastructure, and the necessary tools, to support a standard branding view of all SFA data.	CIO	All	9/30/01	X		
Reduce overall volume-adjusted operating costs for systems migrated to the consolidated data center by five percent.	CIO	Acquisition and Contracts Performance, CSC	9/30/01		X	
Convert partner interfaces from a private network to the Internet.	CIO	Schools, Financial Partners	9/30/01	X	X	

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Use data warehousing to provide information to support management reporting, trend analysis, and other assessment functions (Phase I).	CIO	Analysis, Schools, Students, CFO, Ombudsman	9/30/01		X	X
Build the enterprise technical architecture including Middleware.	CIO	All	9/30/01	X		X
☆Enhance the security infrastructure based upon the framework and policies developed in FY 2000.	CIO	All	9/30/01	X		
Implement configuration management for SFA initiatives.	CIO	All	3/31/01		X	X
Complete the IT policies and procedures manual including architectures, software engineering standards, privacy and security, systems development life cycle and configuration management.	CIO	All	6/30/01	X		X
Test new technology and business processes by implementing three Electronic ID processes with customers, external partners, and/or employees.	CIO	All	9/30/01	X	X	X
Complete the migration of the Direct Loan Servicing System to the Virtual Data Center.	CIO	Students, ACS, CSC	4/30/01		X	
Define and Publish Application Program Interface (API) Standards for all technical services and some business services (e.g. CPS) for third party software developers and Financial Partners.	CIO	All	9/30/01	X		
Develop the Enterprise Solution for electronic signature which includes the technology, processes and regulatory changes needed.	CIO	All	6/30/01	X	X	X
☆Demonstrate enhanced SFA financial management through new IT systems, improved processes, more experienced professional staff, stronger internal controls, and robust financial reports.	CFO	All	9/30/01		X	
☆Obtain an unqualified opinion on the FY 00 SFA financial statement audit.	CFO	All	3/1/01		X	
☆Provide full accounting capability for all SFA programs through implementation of the Financial Management System using Oracle Federal Financial products.	CFO	All	9/30/01	X	X	X
☆Enhance the SFA-wide activity-based costing module with our FMS and CFO data-mart to track unit costs and provide quarterly managerial reports on core business processes.	CFO	All	9/30/01		X	
Expand SFANet (the SFA Intranet) to make it not only SFA's central communications tool, but THE transaction tool for SFA's internal business--like ordering IT equipment, travel reimbursement forms, etc.	Communications	CIO, All	9/30/01		X	X
Develop and implement a national outreach campaign to increase use of FAFSA on the Web, the DL Servicing Web site, and electronic debit by 30% or more.	Communications	CIO, OGC, Students	9/30/01	X	X	X

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Design and deliver a course on student aid traditions to all SFA employees by December 15, 2000, that results in a renewed connection with SFA's history and mission, and strong links to the PBO's mission and standards.	SFA University	All, PSG	12/15/00			X
Design and deliver a course on "SFA Front-to-Back" that will explain all of the steps and processes involved in delivering financial aid. This course will also be offered to our operating partners.	SFA University	All	9/30/01			X
Implement second generation Ombudsman Case Tracking System (OCTS 2.0) that includes: a. student customer web interface to initiate case and check case studies b. Assignment Manager to distribute case work c. scripting for intake and case evaluation d. knowledge base of SFA policy and previous OCTS case results e. ad hoc reporting capabilities	Ombudsman	CIO	a. 1/01/01 b. 11/01/00 c. 1/01/01 d. 6/30/01 e. 11/01/00	X	X	X
Develop and test feedback loop to give internal and external operating partners individualized quarterly reports of cases specific to their unit.	Ombudsman	CIO	6/30/01	X	X	X
Develop and implement a research agenda focused on collecting and evaluating program performance.	Analysis	All	9/30/01	X	X	X
Develop and implement a data collection and dissemination process that presents SFA-wide program data in an integrated format to all SFA managers.	Analysis	All	9/30/01	X	X	X
Implement an electronic, Web-based performance measurement system that will help increase visibility of our annual plan to all employees and simplify and automate the bi-weekly reporting process.	Analysis	All, CSC	2/28/01	X	X	X
Pilot individual team-based scorecards.	Analysis	All	9/30/01	X	X	X
Simplification of FFELP Lender Due Diligence Regulations: With approval of the Deputy Secretary and after consultation with affected communities, PDD will develop a regulatory simplification proposal for lender participants in the FFEL Program. Specifically, this effort will concentrate on simplifying the "due diligence" requirement for lenders in FFEL. The objective will be to place our lender partners into a performance based environment where results, rather than detailed adherence to a set of rules will be measured.	Analysis	Financial Partners, OPE, OGC, ODS, OIG	09/30/01 (Proposed Rule)	X		

## FY 2001 Operating Goals and Improvement Projects

GOALS	RESPONSIBLE ORGANIZATION	SUPPORTING ORGANIZATION	COMPLETION DATE	PRIMARY IMPACT		
				C-SAT	UNIT \$	E-SAT
Creation of an SFA Policy Guidance Database: PDD, with the assistance from SFA's CIO, will develop, populate, and implement a system for electronic storage and retrieval of published policy guidance relating to the Title IV SFA programs. The database will be available to ED staff for use in performing their functions (i.e., training, oversight, customer support) while also creating an electronic "institutional memory" for the organization.	Analysis	CIO	5/31/01	X	X	X
Modify procedures to expedite the recruitment process	SFA HR	HRG	6/30/01			X
Implement new employee incentives and recognition programs that support the performance plan.	SFA HR	HRG, OGC, OPM	12/31/00			X
Implement SFA Performance Development Process.	SFA HR	CIO, Acquisition and Contract Performance	5/1/01	X		X
Implement a "Partnership Program" to establish a better working relationship with SFA Operating Partners (OP). - Document OP contribution to our performance plan. - Improve communications between SFA and OP and among OPs. - Integrate OP into our customer support training.	Acquisition and Contracts Performance	All SFA Organizations and Vendor community	1/31/01	X	X	X
Assume day-in, day-out responsibility for the management of all SFA contracts, as well as all other acquisition efforts.	Acquisition and Contracts Performance	Department Contracts and Purchasing Operations	10/20/00	X		X
Complete adoption of performance measures to appropriate legacy contracts.	Acquisition and Contracts Performance	All	9/30/01	X	X	
Ensure new contracts include consistent and value-added performance measures.	Acquisition and Contracts Performance	All	9/30/01	X	X	
Increase participation of small businesses in our contracts and in subcontracts by 5%.	Acquisition and Contracts Performance	All	9/30/01		X	
Develop a automated contract management system to interface with SFA's FMS.	Acquisition and Contracts Performance	CFO, CIO	9/30/01		X	X
Provide performance-based training on acquisition management to all SFA managers	Acquisition and Contracts Performance	SFA University, HR	3/31/01		X	X
☆In order to eliminate costly corrections to printed documents, implement the recommendations of the Document Quality Control Group.	SFA wide	SFA wide	9/30/01	X	X	
Test all new products or modules with actual "end-users" to identify all major "bugs" and deficiencies prior to product release.	SFA wide	SFA wide	9/30/01	X	X	

**ACS** - American Computer Systems.

**Accenture** - SFA's Modernization Partner.

**CSC** - Computer Services Corporation.

**EDS** - Electronic Data Systems.

**HRG** - The U.S. Department of Education's Human Resources Group.

**FAFSA** - Free Application for Federal Student Aid.

**Fall Repayment Symposium** - Conference held October 2000, sponsored by SFA, that brought together a cross-section of the student aid community to chart a course for the whole student aid community, aimed at further reducing cohort and lifetime student loan default rates. (See page 9.)

**GAs** - Guaranty Agencies.

**OGC** - The Department's Office of General Counsel.

**OUS** - The Department's Office of the Under Secretary.

**ODS** - The Department's Office of the Secretary.

**OIG** - The Department's Office of the Inspector General.

**OPE** - The Department's Office of Postsecondary Education.

**OPM** - The Office of Personnel Management.

**N/A** - Not applicable.

**NCS** - NCS Pearson or National Computer Systems, Inc.



## **SFA Senior Management Team**

**Chief Operating Officer** – Greg Woods

**Chief of Staff** – Candy Kane

**Students** – Jennifer Douglas (Acting)

**Schools** – Kay Jacks

**Financial Partners** – John Reeves

**CIO** – Steve Hawald

**CFO** – Jim Lynch

**Ombudsman** – Debra Wiley

**Communications** – Karen Santos Freeman

**Acquisition and Contract Performance** – Candace Hardesty

**Human Resources** – Calvin Thomas

**Analysis** – Candy Kane (Acting)

**SFA University** – Anne Teresa

# Sequencing Plan Summary

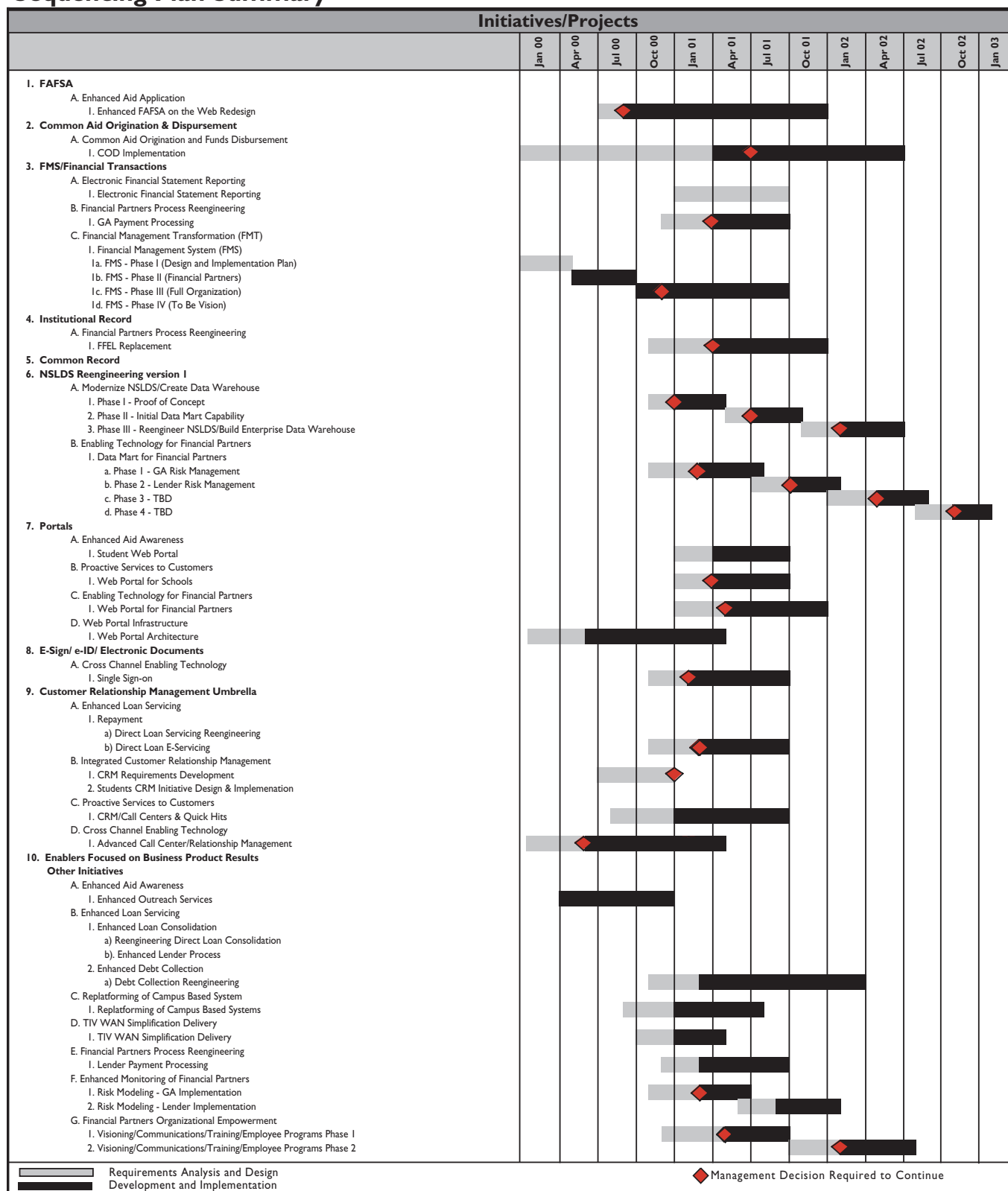


Figure Above Represents the Timeline Sequencing Plan for All Channel/Area Initiatives & Projects

The Gantt chart in the figure above shows the proposed beginning and ending period of each project and the major tasks associated with the project. There are two phases of each project—the requirements analysis and design phase and the development and implementation phase. A management review is scheduled at the end of the first phase to determine if the project or task should proceed through development and implementation as it has been designed. A project might be modified or its sequence changed during the management review, instead of merely being approved or cancelled. The management review may also extend the requirements analysis and design.

## Summary Initiatives and Projects by Channel and Area

